

**DIRECT TESTIMONY OF STEVEN J. LEVITAS
ON BEHALF OF
THE SOUTH CAROLINA SOLAR BUSINESS ALLIANCE
EXHIBIT SJL-7**

Virginia Case Study – Executive Summary

On March 5, 2020, the Virginia legislature passed the Virginia Clean Economy Act (“VCEA”), a sweeping package of energy legislation that sets Virginia on a path toward a 100% carbon-free electricity grid by 2050.

The following is a summary of the key generation procurement elements of the VCEA:

1. Overview

- a. Renewable Portfolio Standard (“RPS”) mandating 100% renewable energy by 2045 for Dominion Energy with, annual increases of 3%-4% per year according to a defined schedule, including the following (*Va. Code § 56-585.5(C)*):
 - i. 14% by 2021
 - ii. 41% by 2030
 - iii. 59% by 2035
 - iv. 79% by 2040
 - v. 100% by 2045
- b. Beginning 2025 and thereafter, at least 75% of all RECs used by Dominion Energy in a compliance period shall come from RPS eligible resources located in Virginia. (*Va. Code § 56-585.5(C)*).
- c. Not primarily cost-based. Mandatory RPS paired with obligation for Dominion Energy to retire nearly all coal units by 2024 and all carbon-emitting power plants by 2045 (*Va. Code § 56-585.5(B)(1) and (3)*).

2. Procurement Directives: Layered on top of the RPS are the following specific statutory generation procurement directives:

a. Overview

- i. Appalachian Power Company must procure 600 MW of solar or onshore wind located in Virginia by Dec. 31, 2030. (*Va. Code § 56-585.5(D)(1)*)
- ii. Dominion Energy must procure 16,100 MW of solar or onshore wind located in Virginia by Dec. 31, 2035 (*Va. Code § 56-585.5(D)(2)*):
 1. Must include 1,100 megawatts of solar generation of a small projects (less than 3 MW).
- iii. Construction or purchase by a public utility of one or more offshore wind facilities with an aggregate capacity of up to 5,200 MW off Virginia’s Atlantic shoreline or in federal waters and interconnected into Virginia is predetermined to be in the public interest(*Va. Code § 56-585.1:11(B)*).
- iv. Construction by Dominion Energy of one or more new utility-owned and utility operated offshore wind facilities located off Virginia’s Atlantic

shoreline of between 2,500 – 3,000 MW predetermined to be in the public interest. (*Va. Code § 56-585.1:11(C)(1)*).

1. Cost cannot exceed 1.4 times the comparable cost, on an unweighted average basis, of a conventional simple cycle combustion turbine generating facility as estimated by the U.S. Energy Information Administration in its Annual Energy Outlook 2019; and must either commence construction prior to 2024 or have a plan to be placed in service prior to January 1, 2028. (*Va. Code § 56-585.1:11(C)(1)*).
- v. Appalachian Power Company must construct or acquire energy storage projects up to 400 MW by 2035 (*Va. Code § 56-585.5(E)(1)*).
- vi. Dominion Energy must construct or acquire energy storage projects up to 2,700 MW by 2035. (*Va. Code § 56-585.5(E)(2)*).
 1. Public interest finding for up to 2,700 MW of energy storage facilities located in Virginia. (*Va. Code § 56-585.1:4*)

b. Ownership Allocation¹

- i. **Solar or Onshore Wind:** 35% third party ownership and 65% utility, rate-based ownership (*Va. Code § 56-585.5(D)*).
- ii. **Storage:** At least 35% of facilities purchased from third parties and owned by the utility or facility output purchased from third parties and the remaining 65% utility constructed, owned and rate-based (*Va. Code § 56-585.5(E)*).
- iii. **Offshore Wind:** 100% utility, rate-based ownership. (*Va. Code § 56-585.1:11(B) and § 56-585.5(D)2*).

c. RFP Administration

- i. All resources required to be procured through competitive process. (*see e.g., Va. Code § 56-585.1:4(D)* (solar), *Va. Code § 56-585.1:11(E)* (offshore wind), *Va. Code § 56-585.1:4 (G)* (storage)).
 1. Primarily price-based, but up to 25% of solar may be selected on non-price criteria where it would materially advance non-price criteria, including favoring geographic distribution of generating capacity, areas of higher employment, or regional economic development.
- ii. RFP requirements include the following (*Va. Code § 56-585.5(D)(3)*):

¹ Note that the Virginia IOUs are required to submit procurement plans to the State Corporation Commission that comply with these mandates. However, the Commission is not required to approve such plans. Were the Commission not to approve the utility's plan in whole or in part, the utility would remain subject to the Renewable Portfolio Standards established in *Va. Code § 56-585.5(C)*, which could obligate it to procure new renewable resources with a different ownership split than those described herein.

1. Annual RFP for new solar and wind resources that quantifies and describes the utility's need for energy, capacity, or renewable energy certificates.
 2. RFP must provide certain minimum information including major assumptions to be used by the utility in the bid evaluation process, including environmental emission standards; detailed instructions for preparing bids so that bids can be evaluated on a consistent basis; the preferred general location of additional capacity; and specific information concerning the factors involved in determining the price and non-price criteria used for selecting winning bids.
 3. Energy storage requirements are also be competitively procured with regulations relating to competitive solicitations to be established through a Commission rulemaking. (*Va. Code § 56-585.5(E)(5)*)
- iii. Utility is responsible for evaluation and may evaluate responses to requests for proposals based on any criteria that it deems reasonable but must consider (*Va. Code § 56-585.5(D)(3)*):
1. the status of a particular project's development;
 2. the age of existing generation facilities;
 3. the demonstrated financial viability of a project and the developer;
 4. a developer's prior experience in the field;
 5. the location and effect on the transmission grid of a generation facility;
 6. benefits to the Commonwealth that are associated with particular projects, including regional economic development and the use of goods and services from Virginia businesses; and
 7. the environmental impacts of particular resources, including impacts on air quality within the Commonwealth and the carbon intensity of the utility's generation portfolio.
- iv. Selected portfolio of resources to be reviewed by the Virginia Commission.